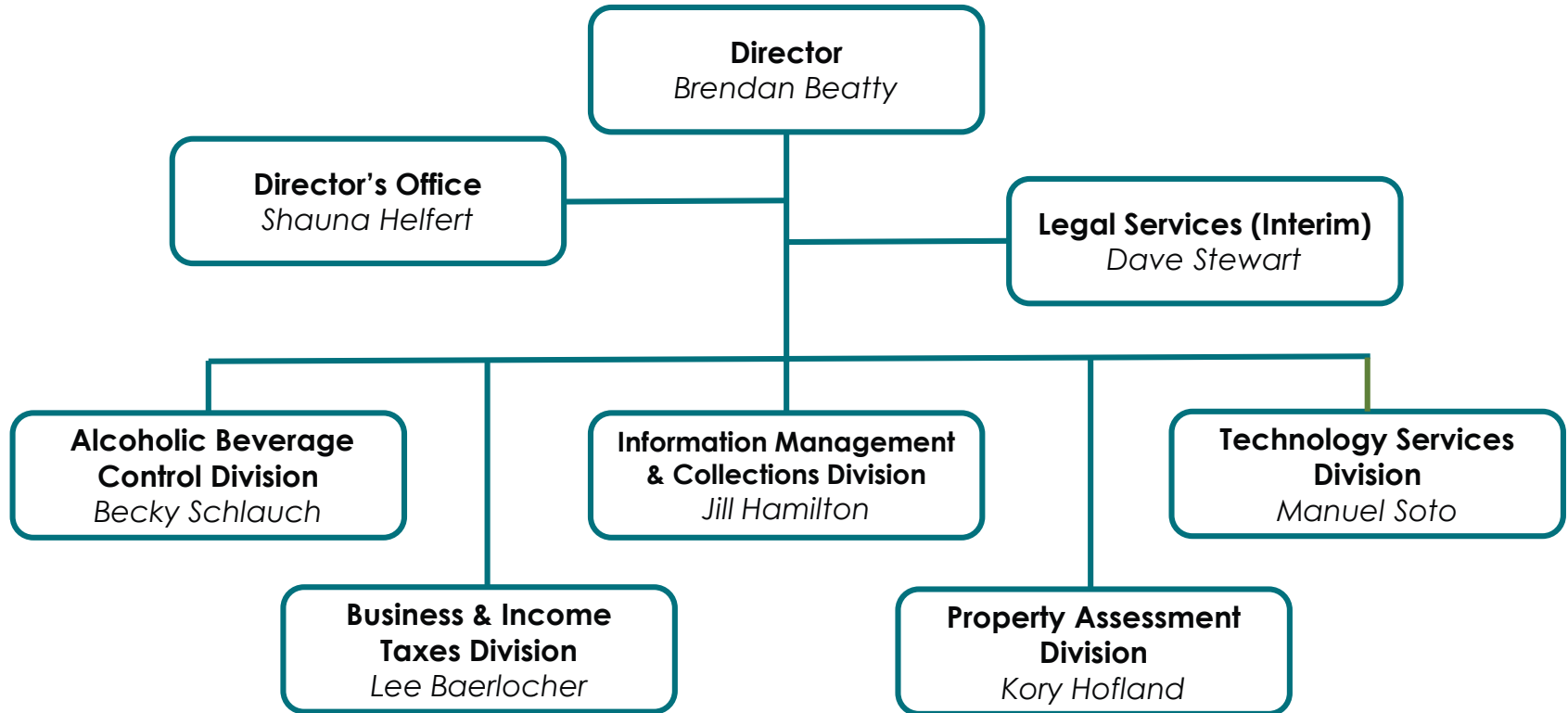


2021 Legislative Session Budget Presentation

January 21-22, 2021



Organizational Chart



Goals and Objectives

Goal #1

To serve Montana's citizens by improving their understanding of laws the department administers.

Goal #2

To advance equity and integrity in the laws we administer while continually increasing effectiveness and efficiencies.

Goal #3

To continually improve productivity and the quality of service by developing highly competent and trained staff.

State Collections

Fiscal Years 2014 - 2020

| Tax Type | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Individual Income Tax | \$ 1,184,827,762 | \$ 1,168,224,644 | \$ 1,297,776,586 | \$ 1,429,010,433 | \$ 1,435,239,997 |
| Corporate Income Tax | 118,386,603 | 125,991,635 | 167,099,816 | 186,535,598 | 187,358,214 |
| Property Tax | 266,347,130 | 269,659,548 | 282,963,084 | 299,376,892 | 319,479,315 |
| Natural Resources Tax (State Portion) | 114,208,662 | 123,242,105 | 137,135,436 | 138,808,850 | 107,677,182 |
| Other Taxes, Licenses and Services | 235,849,713 | 240,085,969 | 243,300,363 | 250,500,859 | 264,781,641 |
| Liquor Taxes, Profit, and Licenses | 46,079,313 | 47,580,279 | 48,910,532 | 51,321,540 | 58,623,194 |
| Total Collections | \$ 1,965,699,183 | \$ 1,974,784,180 | \$ 2,177,185,818 | \$ 2,355,554,171 | \$ 2,373,159,543 |

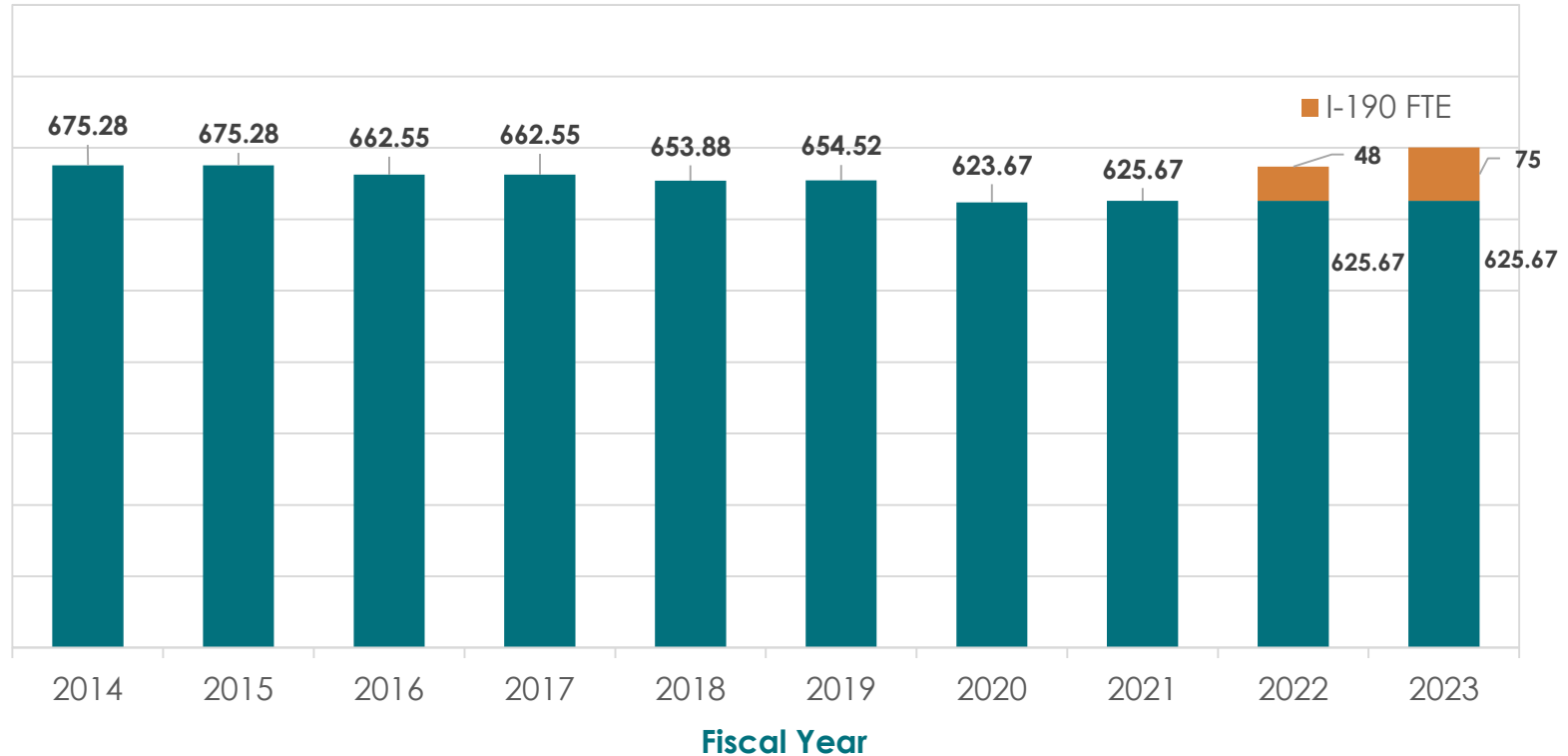
Taxes Levied on the Montana Property Tax Bill

Fiscal Years 2018 - 2021

| Valuation | 2018 | 2019 | 2020 | 2021 |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Market Value of Taxable Property | \$ 148,339,510,804 | \$ 151,023,043,539 | \$ 166,215,859,888 | \$ 169,216,191,395 |
| Statewide Total Taxable Value | 2,895,215,029 | 2,904,772,508 | 3,136,515,017 | 3,212,695,899 |
| City/Town Taxable Value | 979,467,125 | 990,265,593 | 1,077,527,165 | 1,078,981,836 |

| Taxes Levied | 2018 | 2019 | 2020 | 2021 |
|--|-------------------------|-------------------------|------------------------|-------------------------|
| State | \$ 295,313,344 | \$ 297,158,316 | \$ 320,775,486 | \$ 328,348,415 |
| County | 447,302,306 | 471,402,590 | 503,571,942 | 523,387,503 |
| Local Schools | 587,192,594 | 613,900,481 | 642,447,307 | 652,362,918 |
| County-Wide Schools | 119,124,717 | 126,502,579 | 123,665,080 | 130,658,163 |
| Cities and Towns | 171,739,280 | 177,769,753 | 192,560,706 | 198,842,671 |
| Fire and Miscellaneous | 77,523,883 | 65,727,808 | 73,472,884 | 77,290,254 |
| Total Property Tax Based on Mills | \$ 1,698,196,124 | \$ 1,752,461,527 | \$1,856,493,405 | \$ 1,910,889,924 |

Department of Revenue FTE



Adult Use Marijuana

2023 Biennial State Special Revenue Expenditures

| Personal Services | FY 2022 | FY 2023 |
|---|---------------------|---------------------|
| Licensing and Regulatory Administration | \$ 2,711,564 | \$ 4,955,551 |
| Tax Administration | 245,193 | 449,587 |
| General Administration | 705,572 | 808,089 |
| Total Personal Services | \$ 3,662,329 | \$ 6,213,227 |
| Total Operating Expenditures | \$ 4,416,192 | \$ 2,585,335 |
| Total | \$ 8,078,521 | \$ 8,798,562 |

Adult Use Marijuana

FTE

| Licensing & Regulatory Administration | FY2022 | | FY2023 | |
|---------------------------------------|--------------|--------------------|--------------|--------------------|
| Bureau Chief | 2.00 | \$155,229 | 2.00 | \$157,558 |
| Unit Manager | 2.00 | \$134,915 | 2.00 | \$136,939 |
| Management Analyst | 1.00 | \$66,546 | 1.00 | \$67,544 |
| Outreach/Education Specialist | 1.00 | \$53,037 | 2.00 | \$107,664 |
| Compliance Specialist | 8.00 | \$409,168 | 16.00 | \$830,611 |
| Compliance Technician | 1.00 | \$44,927 | 2.00 | \$91,203 |
| Administrative Specialist | 1.00 | \$48,566 | 1.00 | \$49,294 |
| Inspectors | 14.00 | \$873,600 | 28.00 | \$1,773,408 |
| Compliance Officer | 1.00 | \$58,615 | 2.00 | \$118,988 |
| Auditor | 2.00 | \$113,489 | 4.00 | \$230,382 |
| Total License and Regulatory | 33.00 | \$2,711,564 | 60.00 | \$4,955,551 |
| Tax Administration | FY2022 | | FY2023 | |
| Tax Examiner Lead | 0.75 | \$51,519 | 1.00 | \$69,722 |
| Tax Examiner | 2.00 | \$128,320 | 4.00 | \$260,489 |
| Total Tax Administration | 2.75 | \$245,193 | 5.00 | \$449,587 |
| General Administration | FY2022 | | FY2023 | |
| Collections Specialist | 0.50 | \$23,698 | 1.00 | \$48,106 |
| Processor | 1.00 | \$39,099 | 2.00 | \$79,371 |
| Computer Systems Analyst | 2.00 | \$126,917 | 2.00 | \$128,821 |
| Lawyer | 1.00 | \$78,776 | 1.00 | \$79,957 |
| Administrative Law Judge | 1.00 | \$93,750 | 1.00 | \$95,157 |
| Paralegal | 1.00 | \$49,468 | 1.00 | \$50,210 |
| HR Specialist | 1.00 | \$46,422 | 1.00 | \$47,118 |
| Public Relations Specialist | 1.00 | \$53,037 | 1.00 | \$53,832 |
| Total General Administration | 8.50 | \$705,572 | 10.00 | \$808,089 |
| Total Personal Services | 44.25 | \$3,662,329 | 75.00 | \$6,213,227 |

Adult Use Marijuana

Operating Expenditures

| Annual Operating Expenses | FY 2022 | FY 2023 |
|--|---------------------|---------------------|
| Seed Tracking System | \$ 65,000 | \$ 65,000 |
| License Seed to Sale Reporting Fee | 129,600 | 388,800 |
| Plant/Package Tags | 475,000 | 950,000 |
| PC Replacement, Phone, Network | 66,128 | 109,194 |
| Rent | 148,800 | 232,500 |
| Travel/Training | 279,800 | 479,175 |
| Vehicle Leases | 126,640 | 238,400 |
| Security Costs | 36,400 | 36,400 |
| Mail, Print, Postage | 6,000 | 6,000 |
| Total Annual Operating Expenses | \$ 1,333,368 | \$ 2,505,469 |
| One-Time Only Operating Costs | FY 2022 | FY 2023 |
| Multi-User Software | \$ 3,000,000 | \$ |
| Office Equipment | 44,800 | 43,200 |
| Computer Equipment and Set-up | 38,024 | 36,666 |
| Total One-Time Only | \$ 3,082,824 | \$ 79,866 |
| Total Operating Expenditures | \$ 4,416,192 | \$ 2,585,335 |

Technology Services Division

Administration FTE: 2

1.

Application
Development Bureau

FTE: 16

2.

Technology
Operations Bureau

FTE: 15

Alcoholic Beverage Control Division

Administration FTE: 4.75

1.

License and
Compliance Bureau

FTE: 11

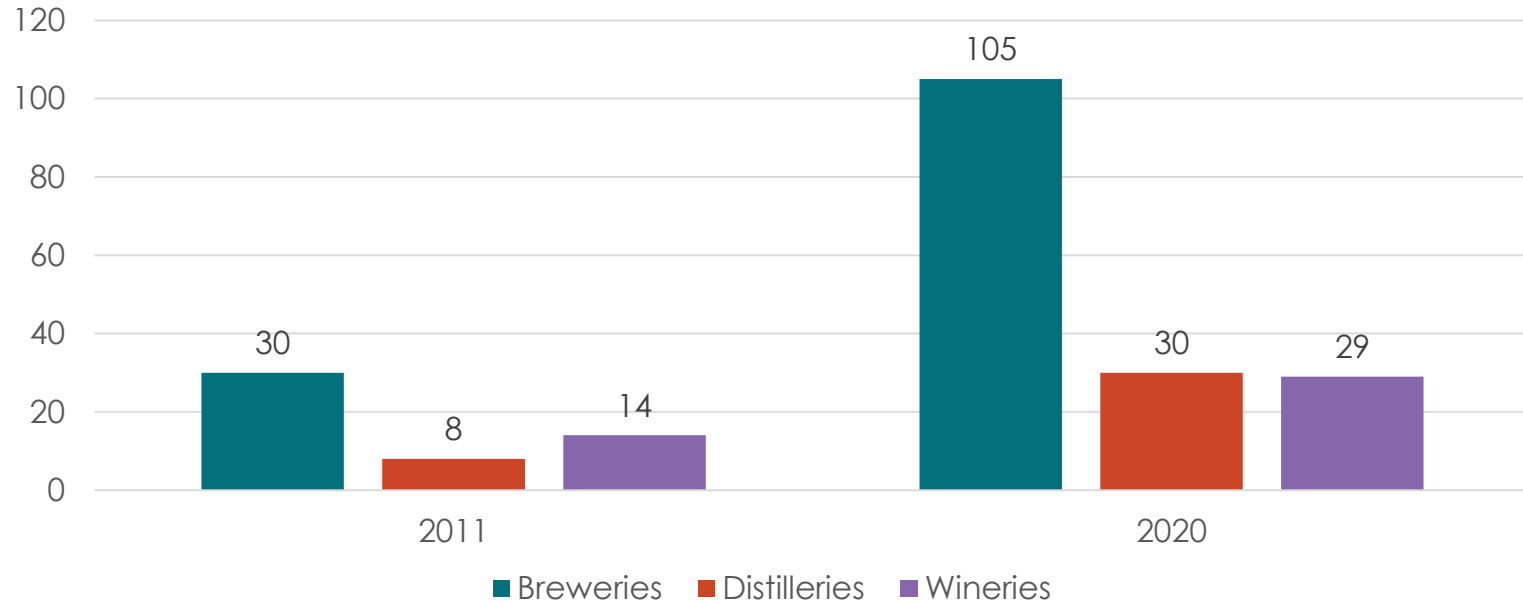
2.

Liquor Distribution
Bureau

FTE: 16

Alcoholic Beverage Control Division

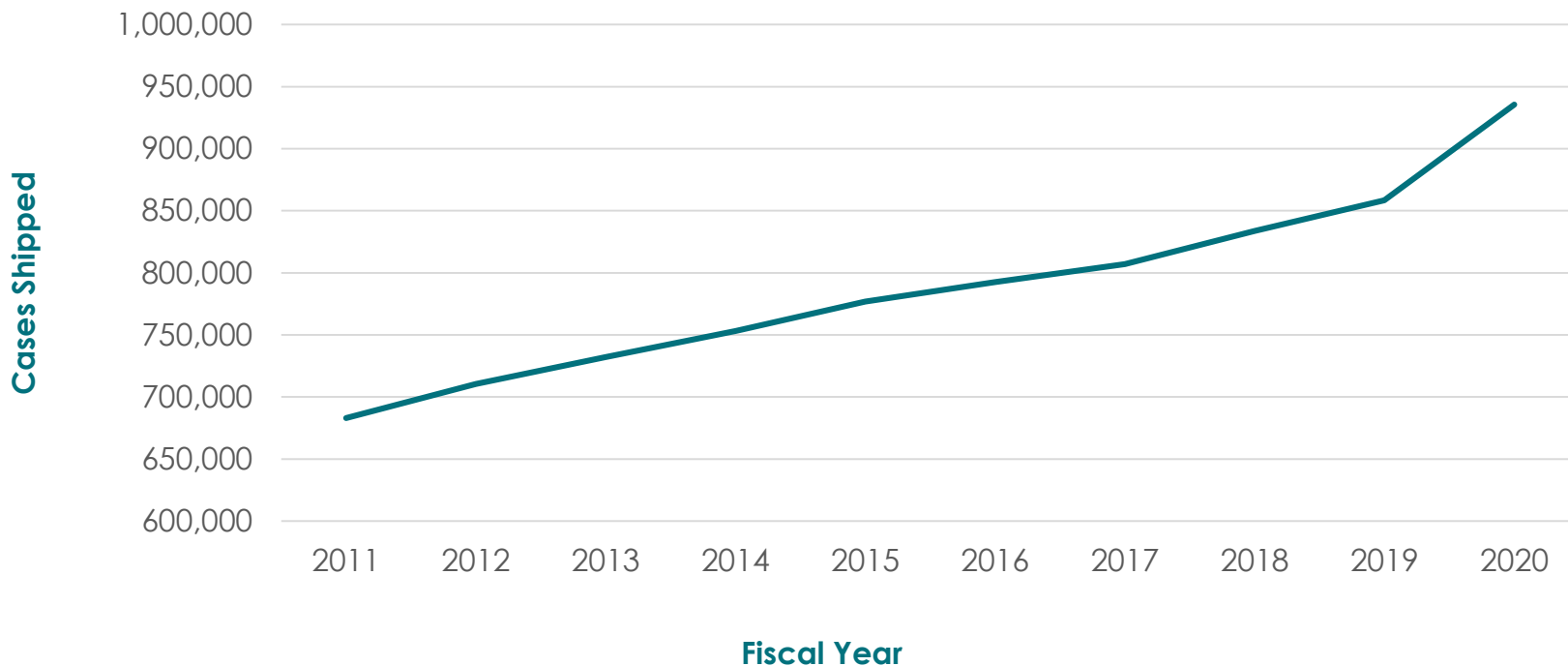
Growth in Manufacturers by Fiscal Year



Fiscal Year

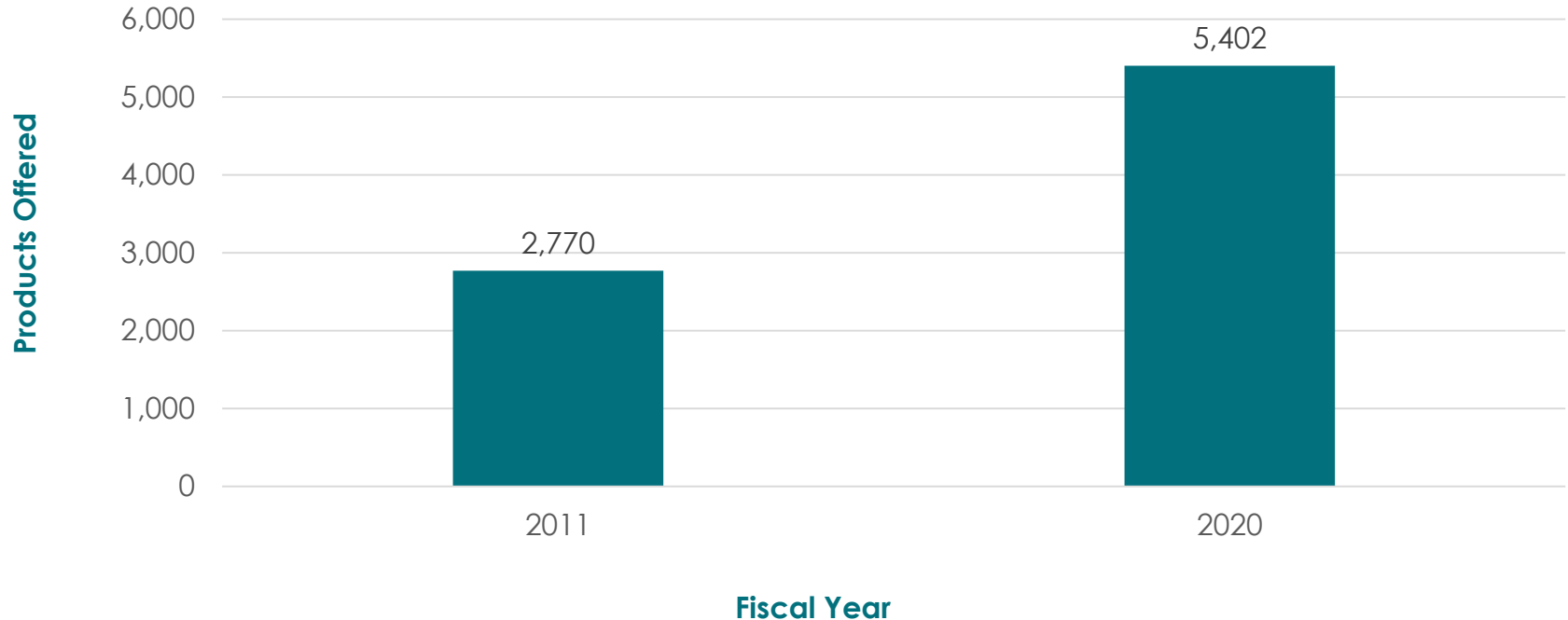
Alcoholic Beverage Control Division

Cases Shipped by Fiscal Year



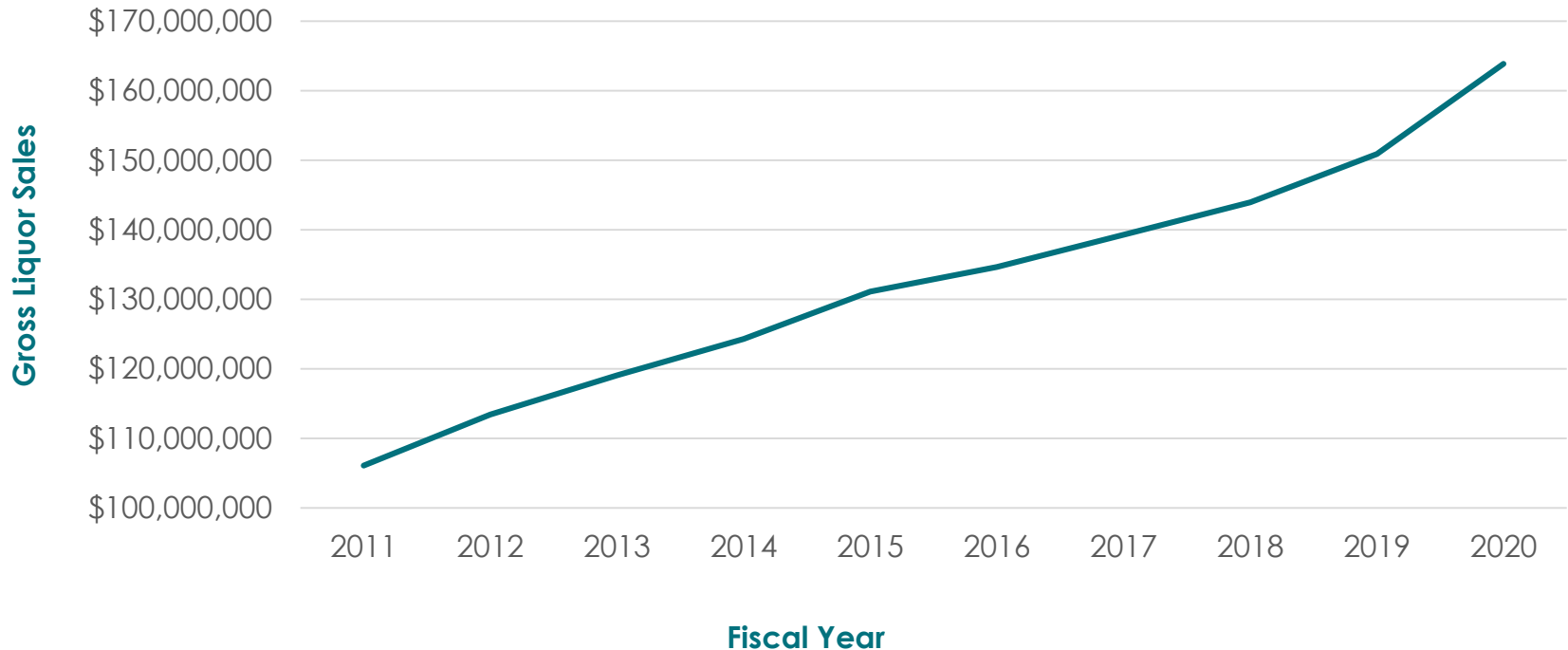
Alcoholic Beverage Control Division

Liquor Products Offered by Fiscal Year



Alcoholic Beverage Control Division

Gross Liquor Sales by Fiscal Year



Information Management and Collections Division

Administration FTE: 4

1.

Information
Management Bureau

FTE: 42.75

2.

Collections Bureau

FTE: 21.7

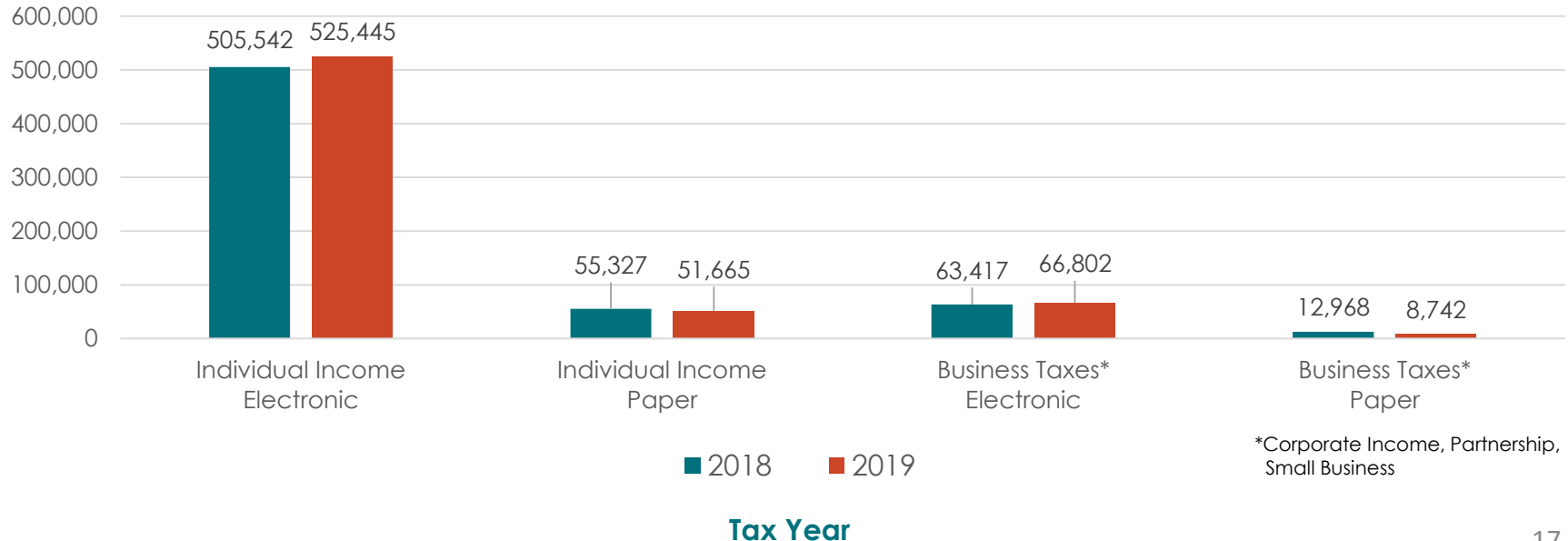
3.

Other Agency
Debt Collections

FTE: 3.5

Information Management and Collections Division

Return Processing by Tax Year



Information Management and Collections Division

Collections

FY2019
\$43.6 million

FY2020
\$40.4 million

Other Agency Debt

FY2019
\$7.4 million

FY2020
\$8.2 million

Business and Income Tax Division

Administration FTE: 10

1.

Income and Withholding
Taxes Bureau

FTE: 75.45

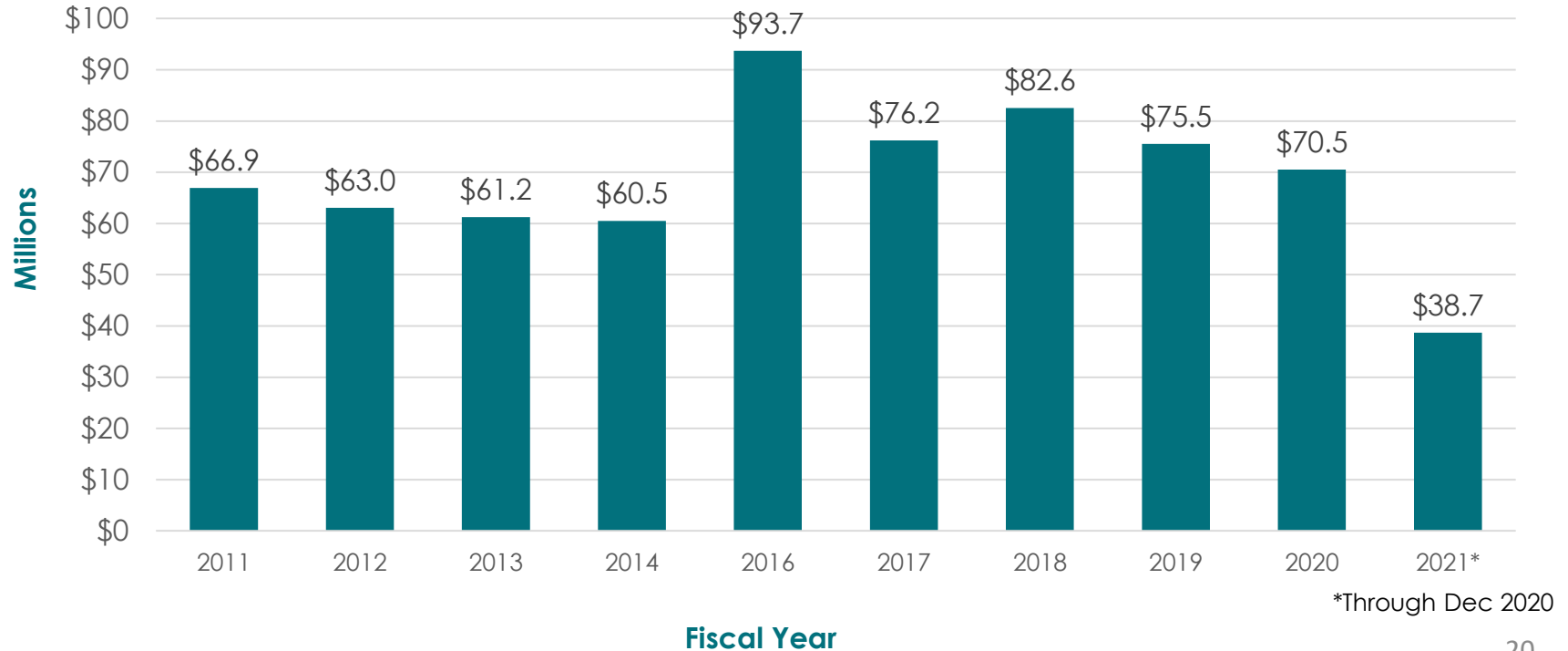
2.

Business Tax and
Valuation Bureau

FTE: 53.41

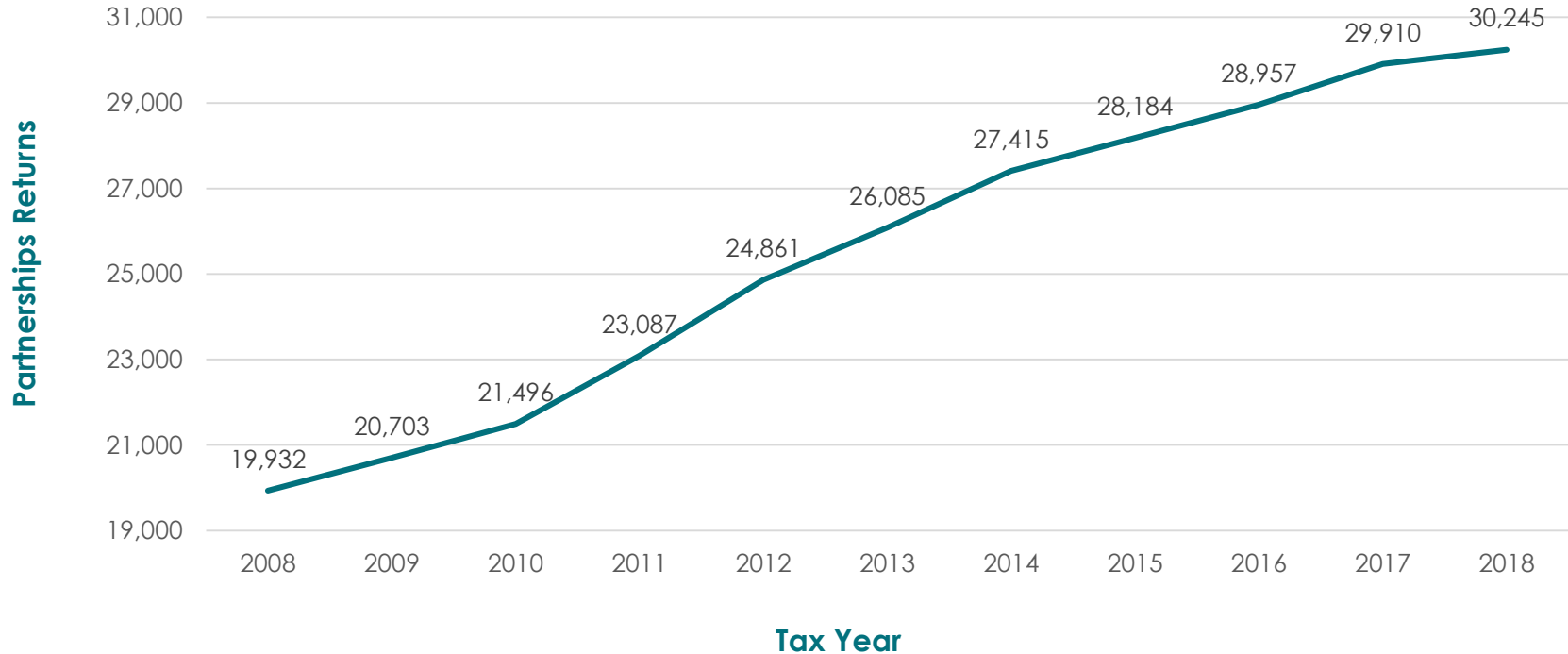
Business and Income Tax Division

Compliance Collections by Fiscal Year



Business and Income Tax Division

Montana Partnerships Returns by Tax Year



Business and Income Tax Division

Montana Partnerships by Residency Status and Type

| | Montana | | Multi-State | |
|-------------------------------|---------------|-------------|----------------|-------------|
| Type of Owner | Owners | % | Owners | % |
| Resident Individuals | 41,962 | 69% | 6,428 | 2% |
| Nonresident Individuals | 12,409 | 20% | 192,740 | 63% |
| Montana Business Entities | 3,835 | 6% | 1,879 | 1% |
| Non-Montana Business Entities | 2,958 | 5% | 106,955 | 35% |
| Total | 61,164 | 100% | 308,002 | 100% |

Property Assessment Division

1.

Central Office

FTE: 26

2.

Field Offices

FTE: 250.92

Property Assessment Division

What We Do

We Value Property

- Level provided by Legislature
- At 100% market value

We Assess Property

- Level provided by Legislature
- 16 classes of property
- Rates range from .37% to 12%

Determine Taxable Value

- $\text{Market Value} \times \text{Statutory Rates} = \text{Property's Taxable Value}$

What We *Don't* Do

Tax Property

- Calculate, bill, or collect
- Local Government function

Set Mill Rates

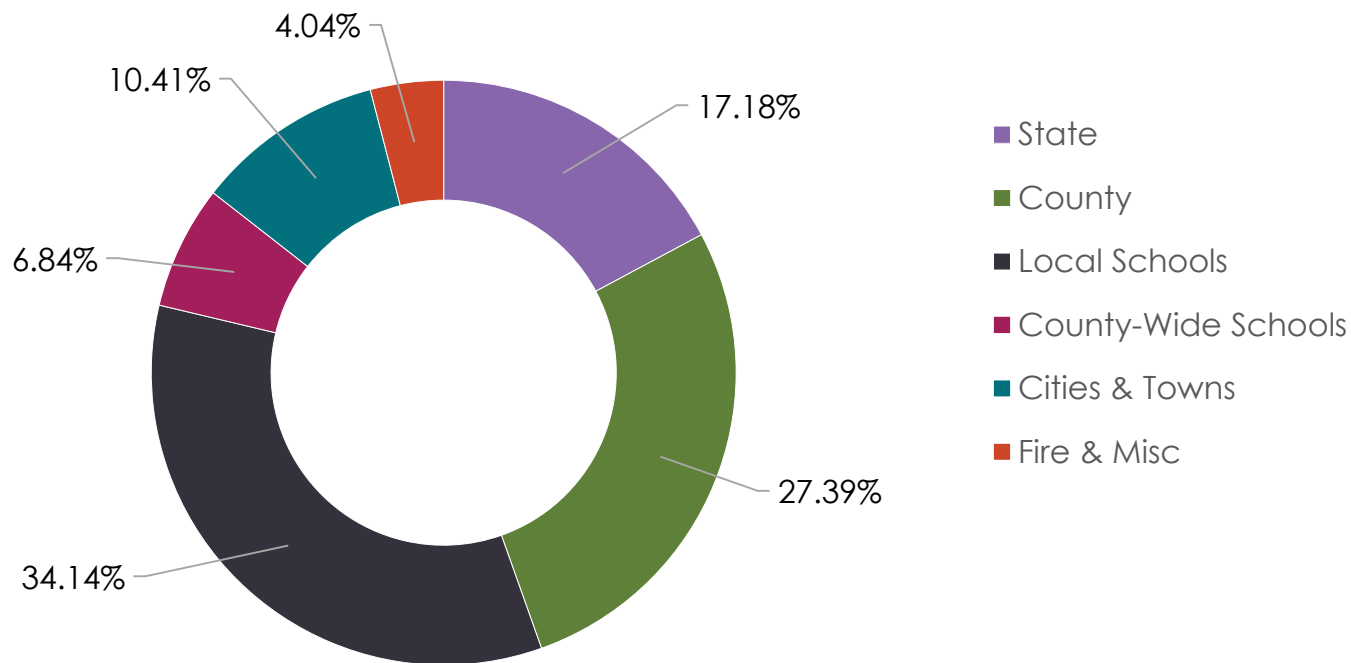
- Set at level to cover budgets
- Taxing Jurisdiction function

What if?

- Values go up or down?
- Voter approved spending

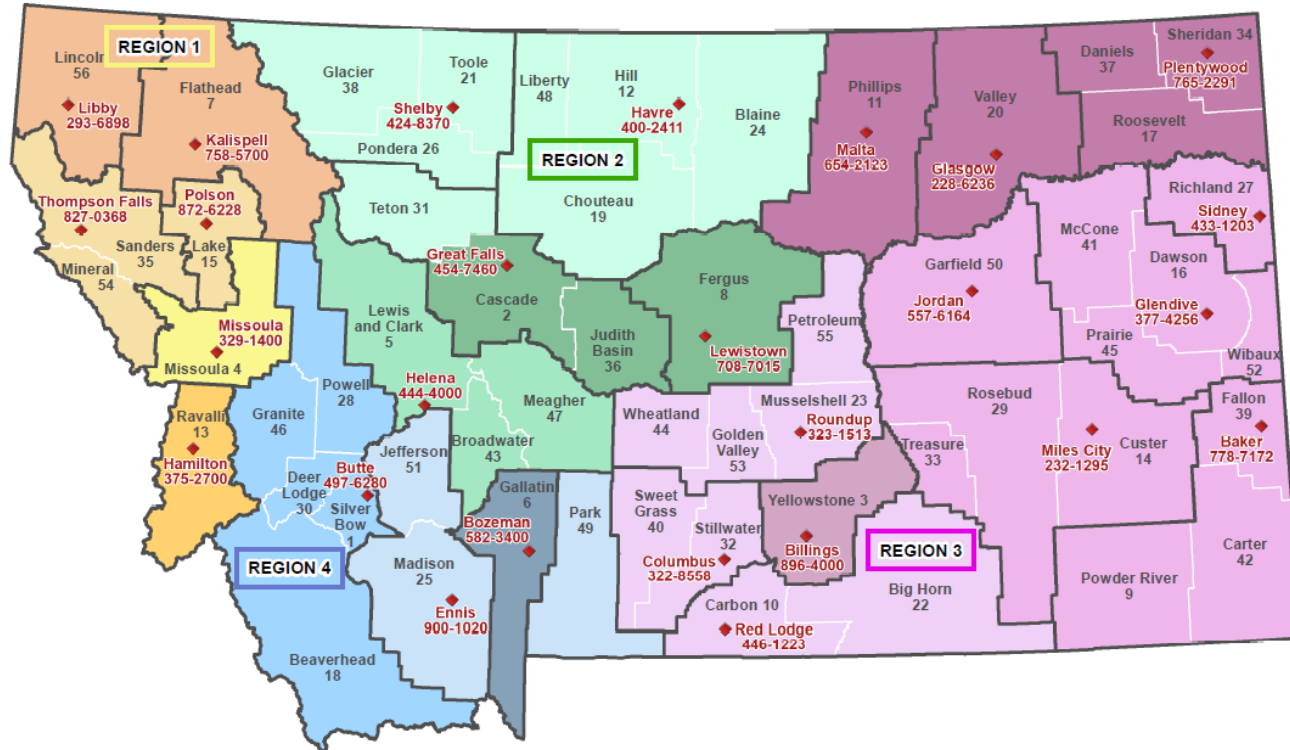
Property Assessment Division

Allocation of Property Taxes – Fiscal Year 2021



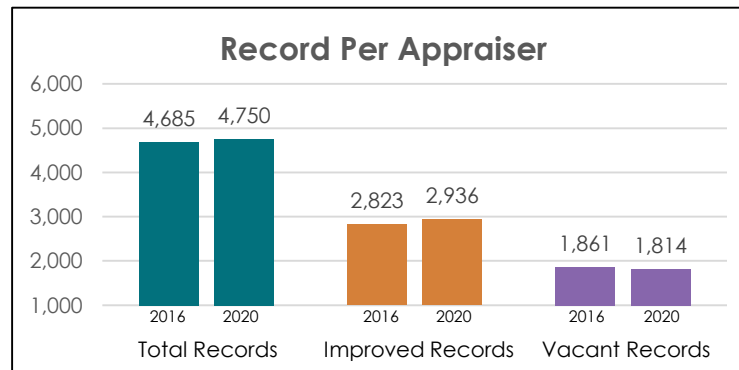
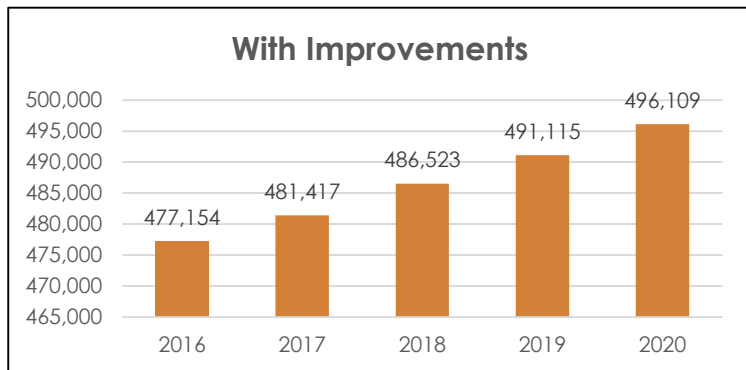
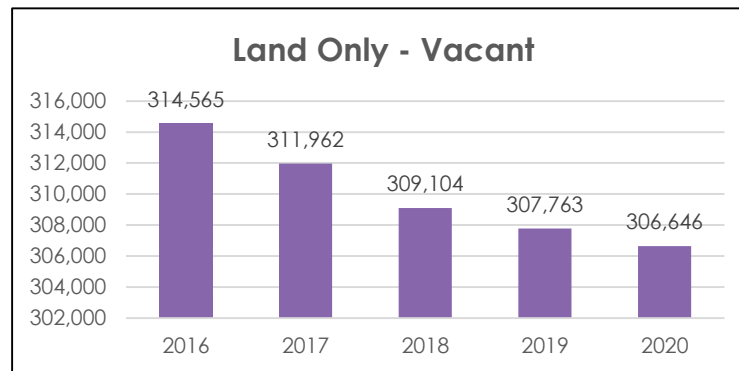
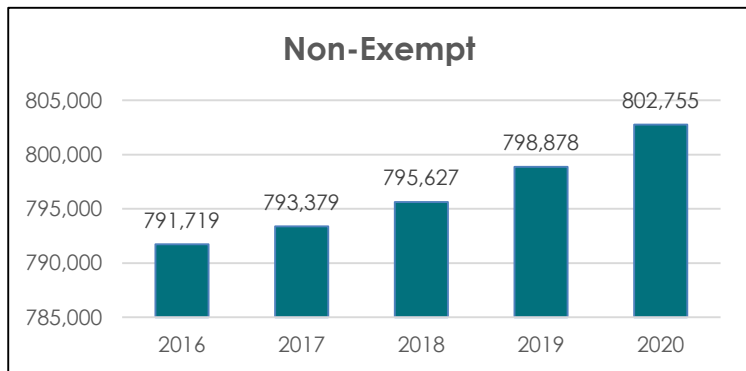
Property Assessment Division

Field Offices



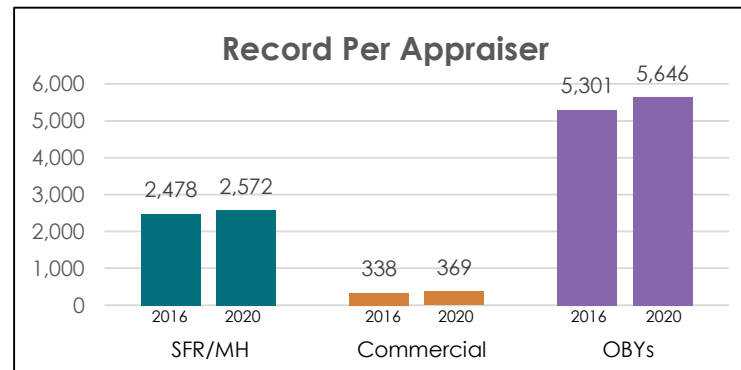
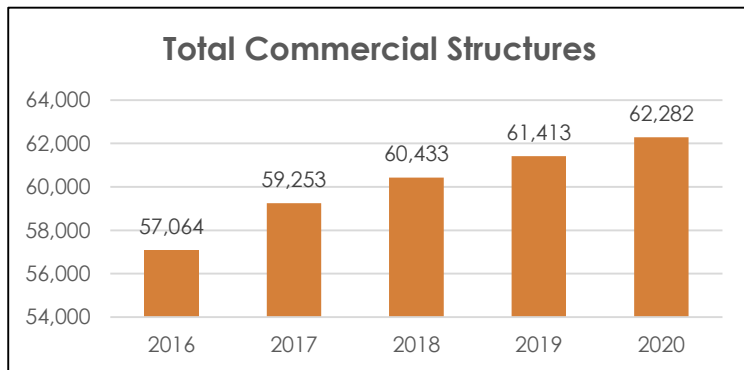
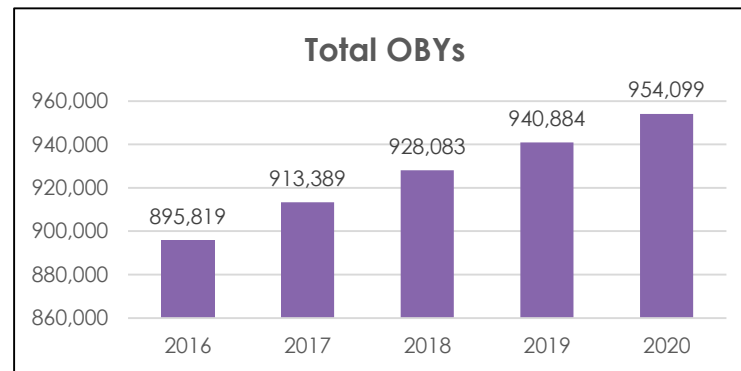
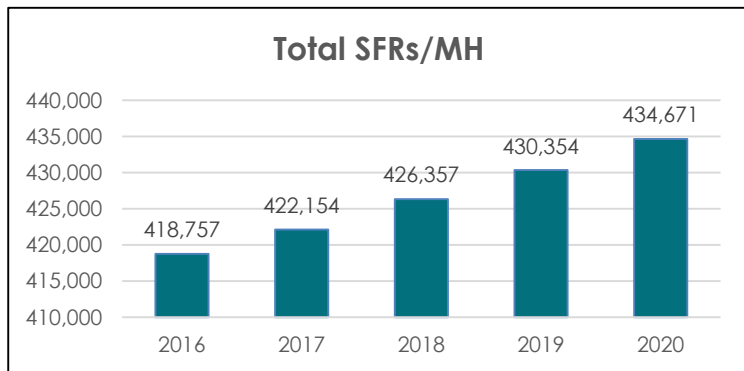
Property Assessment Division

Total Records Valued and Assessed



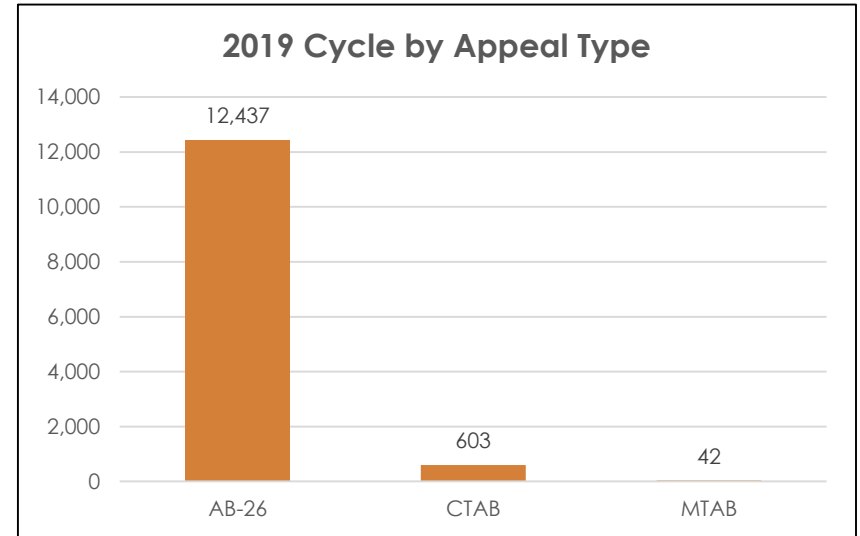
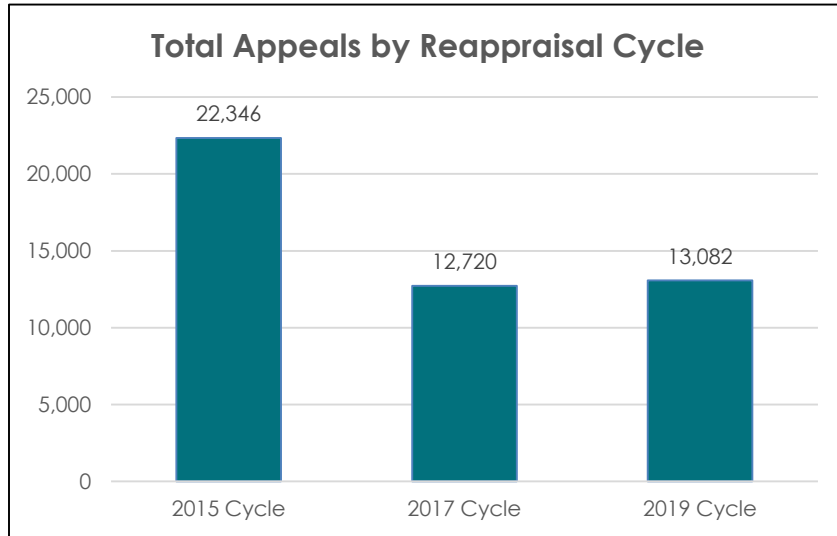
Property Assessment Division

Residential Commercial and OBYs Valued and Assessed



Property Assessment Division

Appeals



Questions?



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Montana Department of Revenue

